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S E C R E T SECTION 01 OF 02 HONG KONG 001637

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SUBJECT: HK BANKS DELIVER ON COOPERATION TO LIMIT NORTH
KOREAN FINANCIAL ACTIVITY

REF: HONG KONG 1267

Classified By: Acting Consul General Christopher Marut for reasons 1.4
(b) and (d)

11. (S) SUMMARY: Economic Unit Chief and Economic Officer met August 27 with representatives of three Hong Kong banks briefed by U.S. Treasury Undersecretary for Terrorism and Financial Intelligence Stuart Levey in July 2009; HSBC, Hang Seng Bank, and Wing Hang Bank (reftel). The representatives told us they had acted on the information received to the extent they were able to identify accounts held by their banks. HSBC informed the Consulate General that it maintains a Mandatory Provident Fund account for World Base Shipping Limited and provided a copy of the publicly available company registration document listing all its directors. This document was submitted to EAP/CM and Treasury August 28, via e-mail. Hang Seng Bank assured us it had closed identified accounts, but did not provide specific details citing confidentiality concerns. Wing Hang Bank also closed identified accounts in Hong Kong and Macau. END SUMMARY

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HSBC Delivers
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12. (S) HSBC Head of Security and Fraud Risk Chris Smith confirmed HSBC holds one Mandatory Provident Fund account (MPF; Hong Kong employee retirement plan) for World Base Shipping Limited, whose major shareholder is WONG, Io Lon (Hong Kong/Macau resident with Hong Kong ID number P455373(3)). Based on the U.S. Treasury-provided information, HSBC has filed a suspicious transaction report (STR) with Hong Kong's Joint Financial Intelligence Unit (JFIU). If additional evidence requires a second STR, HSBC policy is to close the account for "administrative reasons." Smith provided the latest Annual Return document for World Base Shipping Limited, dated April 16, 2009, on file with Hong Kong's Companies Registry Office. Post submitted this document to EAP/CM and Treasury on August 28, 2009.

13. (S) Smith reported HSBC does not hold accounts for Tin Ming. However, Hang Seng Bank, an HSBC Group member, holds an account for Tin Ming Import and Export Company Limited. Smith inquired whether this was the account U/S Levey referred to during his July 2009 visit (Tin Ming Trading). HSBC did not find information on the other company names

shared (Hong Kong Electronics, Namchongang Trading Corporation, and FI or Fortune Sun International Trading, Ltd).

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Hang Seng: "Taking Appropriate Measures"
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14. (S) Hang Seng Bank Assistant General Manager Godwin Li, Chief Compliance Officer Katie Yip and Money Laundering Control Officer Terence Lo stated that, to the extent that Hang Seng Bank was able to identify accounts from the information U/S Levey provided, the bank "took appropriate measures" that culminated in the closing of the accounts. Citing confidentiality concerns, Yip did not disclose account names but generally described the bank's measures, indicating that once the accounts were identified and designated for closing, holders were notified and their accounts closed within two weeks. AGM Li assured us that Hang Seng maintains high anti-money laundering standards and that suspicious transactions, in particular those that appear to have links to North Korea, will continue to be properly screened. (Note: Hang Seng Bank is controlled by HSBC and the two banks share systems and data. Hang Seng's security officials report to HSBC's Chief of Security. End Note.)

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Wing Hang: Acts Immediately
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15. (S) Wing Hang Bank Assistant General Manager Gerami Cheng

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and Chief Legal Counsel Patina Ho informed us the bank acted immediately on the U.S. Treasury-provided information on businessman Alan Wong and his associated companies. Bank officials identified account holders and found indications of North Korean business ties. Wing Hang then requested the identified persons close their Wing Hang accounts in Hong Kong and Macau voluntarily. All accounts have been closed, with the exception of outstanding loans. These loan accounts will be closed within two weeks, upon settlement of all outstanding balances by the holders, whom will likely secure financing from other institutions, AGM Cheng added.

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